

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

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FM AMEMBASSY MOSCOW

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AMEMBASSY BERLIN

USMISSION BERLIN

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

USMISSION NATO

USMISSION OECD PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ETRD, EEWT, UR, XX, US

SUBJECT: SOVIET FOREIGN TRADE IN 1976 REACHES 56.8 BILLION RUBLES

REF: 76MOSCOW19228

SUMMARY: SOVIET TRADE STATISTICS FOR 1976 SHOW THAT SOVIET EXPORT PERFORMANCE IMPROVED AT A GREATER RATE (16.6 PERCENT) THAN THE INCREASE IN IMPORTS (7.8 PERCENT). NEVERTHELESS, ACCORDING TO OUR CALCULATIONS, THE OVERALL HARD CURRENCY DEFICIT IN 1976 WAS \$4.934 BILLION, ALMOST HALF OF WHICH WAS ATTRIBUTABLE TO SOVIET DEFICIT IN BILATERAL TRADE WITH THE UNITED STATES. THIS WAS, HOWEVER, AN IMPROVEMENT OVER LIMITED OFFICIAL USE

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1975, WHEN SOVIET HARD CURRENCY DEBT WAS \$6.3 BILLION. IN GLOBAL TERMS, THERE WAS A SOVIET DEFICIT IN TRADE WITH DEVELOPED COUNTRIES OF 2,992.1 MILLION RUBLES (\$3,949.6 MILLION AT AVERAGE RATE OF EXCHANGE OF 1 RUBLE - \$1.32), AND SURPLUSES IN TRADE WITH "SOCIALIST" COUNTRIES OF 1,338.7 MILLION RUBLES (\$1,767.1 MILLION) AND WITH LDC'S OF 913.1 MILLION RUBLES (\$1,119.2 MILLION). THUS SOVIET STATISTICS SHOW AN OVERALL

DEFICIT OF 740.3 MILLION RUBLES (\$977.2 MILLION).  
END SUMMARY.

1. RECENTLY PUBLISHED OFFICIAL SOVIET STATISTICS FOR TRADE BY COUNTRIES SHOW THAT SOVIET FOREIGN TRADE GREW BY 12 PERCENT IN 1976 TO REACH 56.8 BILLION RUBLES (\$75.0 BILLION) AND ALTHOUGH THE OVERALL DEFICIT WAS 740.3 MILLION RUBLES (\$977.2 MILLION), IMPROVED EXPORT PERFORMANCE (PLUS 16.6 PERCENT) PLUS SLOWER GROWTH IN IMPORTS (PLUS 7.8 PERCENT) IMPROVED THE OVERALL BALANCE OVER 1975 RESULTS, WHEN DEFICIT WAS 2.7 BILLION RUBLES. THE SOVIETS RUN SIZEABLE SURPLUSES WITH OTHER "SOCIALIST" COUNTRIES (1,338.7 MILLION RUBLES) AND LDC'S (913.1 MILLION RUBLES). THERE WAS A DEFICIT OF 2,992.1 MILLION RUBLES IN SOVIET TRADE WITH DC'S. WHEN ADJUSTMENTS ARE MADE ON BASIS OF WHETHER TRADE IS IN CLEARING ACCOUNT OR HARD CURRENCY, A HARD CURRENCY DEFICIT OF 3,738.2 MILLION RUBLES (\$4,934.4 MILLION) EMERGES. THIS WAS, HOWEVER, SIGNIFICANTLY LESS THAN THE HARD CURRENCY DEFICIT OF \$6.3 BILLION FOR 1975.

2. TRADE WITH DEVELOPED COUNTRIES. THE UNITED STATES TOOK SECOND PLACE IN 1976 AMONG THE SOVIET UNION'S DEVELOPED CAPITALIST TRADING PARTNERS. US'S TRADE WITH SOVIET UNION GREW BY 37.7 PERCENT, WHEREAS USSR'S LEADING WESTERN TRADING PARTNER, WEST GERMANY, SAW ITS TRADE WITH THE USSR GROW BY ONLY 9.5 PERCENT. AMONG LEADING WESTERN TRADING PARTNERS, THE FOLLOWING ALSO EXPERIENCED RAPID GROWTH IN TRADE: FRANCE (30.9) UK (28.4) AND ITALY (24.2) THE UNITED STATES ENJOYED THE MOST FAVORABLE BALANCE IN ITS TRADE WITH THE LIMITED OFFICIAL USE

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USSR (\$2,382.6 MILLION) WHILE THE FRG (\$1,073.4 MILLION), JAPAN (\$823.8 MILLION) AND FRANCE (\$197.2 MILLION) ALSO ENJOYED SURPLUSES. BOTH ITALY AND THE UK HAD DEFICITS, OF \$483.0 MILLION AND \$551.2 MILLION RESPECTIVELY. WITH THE EXCEPTION OF THE U.S. AND JAPAN, THE MORE RAPID GROWTH IN SOVIET EXPORTS TO "ITS MOST IMPORTANT WESTERN TRADING PARTNERS IMPROVED" THE BALANCE OF TRADE IN SOVIET FAVOR. THIS MAY BE ATTRIBUTED TO IMPROVEMENT IN WESTERN ECONOMIES LEADING TO INCREASED SOVIET EXPORTS AS WELL AS APPARENT SOVIET EFFORT TO SLOW THE RATE OF INCREASE IN IMPORTS. TOTAL SOVIET TRADE FIGURES IN MILLIONS OF RUBLES FOR ITS MOST IMPORTANT WESTERN TRADING PARTNERS ARE AS FOLLOWS: FRG (3148.4), US (2202.4), JAPAN (2120.9) FINLAND (1979.1), ITALY (1772.7), FRANCE (1697.0) AND UK (1231.8).

3. TRADE WITH "SOCIALIST" COUNTRIES. SOVIET TRADE WITH THESE COUNTRIES GREW AT A LOWER RATE (10.5 PERCENT) THAN FOR OVERALL SOVIET TRADE. WITHIN THIS GROUP SOVIET TRADE WITH CEMA COUNTRIES GREW AT AN EVEN LOWER RATE (8.8 PERCENT). OF THE

SOVIET TRADE SURPLUS WITH COMMUNIST COUNTRIES, EUROPEAN MEMBERS OF CEMA ANCCOUNTED FOR 878.5 MILLION RUBLES. OF PARTICULAR INTEREST IS THE SOVIET SURPLUS IN TRAD WITH THE DDR OF 438.6 MILLION RUBLES AND WITH POLAND OF 265.2 MILLION RUBLES. THIS WOULD SEEM TO REPRESENT A SOVIET EFFORT TO EASE ECONOMIC PROBLEMS OF THESE COUNTRIES BY ALLOWING THEM TO RUN UP DEFICIT WITH USSR, THUS FREEING MORE OF THEIR RESOURCES FOR TRADE WITH WEST. THE ONLY EAST EUROPEAN MEMBER OF CEMA WHICH DID NOT RUN A DEFICIT WITH THE SOVIET UNION WAS ROMANIA, WHICH HAD A SURPLUS OF 59.5 MILLION RUBLES. COMMUNIST COUNTRIES ACCOUNTED FOR 55.6 PERCENT (56.3 IN 1975) OF ALL SOVIET TRADE, WITH CEMA COUNTRIES ACCOUNTING FOR 50.8 PERCENT (51.8 IN 1975). IF SOVIETS ARE TO MEET ANNOUNCED FIVE YEAR PLAN GOAL OF INCREASING TO 61 PERCENT THE PROPORTION OF TRADE WITH "SOCIALIST" COUNTRIES, THIS TRADE MUST GROW AT MUCH HIGHER RATE IN REMAINING FOUR YEARS OF PLAN PERIOD.

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4. TRADE WITH LDC'S. TRADE WITH LDC'S ACCOUNTED FOR ONLY 11.6 PERCENT OF SOVIET TRADE IN 1976. THIS REPRESENTED A VERY LOW GROWTH RATE OF ONLY 4.1 PERCENT, CONFIRMING OUR IMPRESSION THAT THIS TRADE HAS BEEN ASSIGNED A LOW PRIORITY IN THE SOVIET TRADE PLAN. ALTHOUGH THIS TRADE BROUGHT A SURPLUS OF 913.1 MILLION RUBLES TO THE SOVIET UNION, SOVIET DEFICITS WITH CERTAIN OF THESE COUNTRIES CONTRIBUTED HEAVILY TO THE SOVIET HARD CURRENCY TRADE DEFICIT: THE SOVIETS HAD A DEFICIT \$387.2 MILLION WITH BRAZIL AND \$282.1 MILLION WITH ARGENTINA.

5. COMMENT: SOVIET EXPORT AND IMPORT PERFORMANCE FORESHADOWED IN 9 MONTHS FIGURES (REFTEL) CONTINUED INTO FOURTH QUARTER. EXPORTS CONTINUED TO GROW MORE RAPIDLY THAN IMPORTS, AND THE OVERALL HARD-CURRENCY DEBT FOR 1976 WAS SIGNIFICANTLY REDUCED FROM PREVIOUS YEAR.

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## Message Attributes

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